



**SCOTTISH
WRESTLING**

Note on Proxy Voting

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The term 'proxy' describes a person appointed in place of another to attend a meeting and to speak and vote on behalf of that person. This is a useful mechanism to ensure that a member's interests are represented at a meeting at which they are unable to attend. It is of particular importance in smaller organisations when the presence of proxies can ensure that a sufficient number of members are 'present' to allow a meeting to go ahead or that enough votes are cast to allow a measure to be approved at the meeting. Often the Chair of the meeting will be appointed to act on behalf of a number of members if they cannot attend a meeting.

The law regulating the use of proxy voting has, in common with much of the law on companies, recently been overhauled by the Companies Act 2006, which largely replaces the Companies Act 1985. The provisions regarding proxies in the new Act are much more extensive than those contained in the 1985 Act and in many cases increase the rights of proxies. There is now a general statutory right for each member to appoint a proxy to exercise all or any of that member's rights to attend and to speak and vote at a meeting of a company (Section 324).

Some of the more significant changes are as follows:

1. Under Section 284 of the 2006 Act, every proxy has one vote on a show of hands (subject to a company's articles). In addition, Section 285 of the 2006 Act states that where a company's articles provide that a proxy has fewer votes on a show of hands than would the member in person, then that provision is void.

This is a departure from the 1985 Act under which a proxy was entitled to vote only on a poll.

2. Every notice calling a general meeting must, in accordance with Section 325, include a statement informing the member of their rights to appoint a proxy as well as any more extensive rights conferred by the company's articles. It is an offence not to include such a statement in the notice of the general meeting. A proxy form will usually be sent out with the notice of the general meeting together with instructions on how this is to be completed and returned to the Company. This allows members to confirm who they are appointing as their proxy (which can simply be the Chair or any other person) and include specific voting instructions if required. If no specific voting instructions are included on the proxy form the proxy is free to vote as they wish at the meeting.

3. A proxy now has a right to demand a poll (under Section 329 of the new Act).

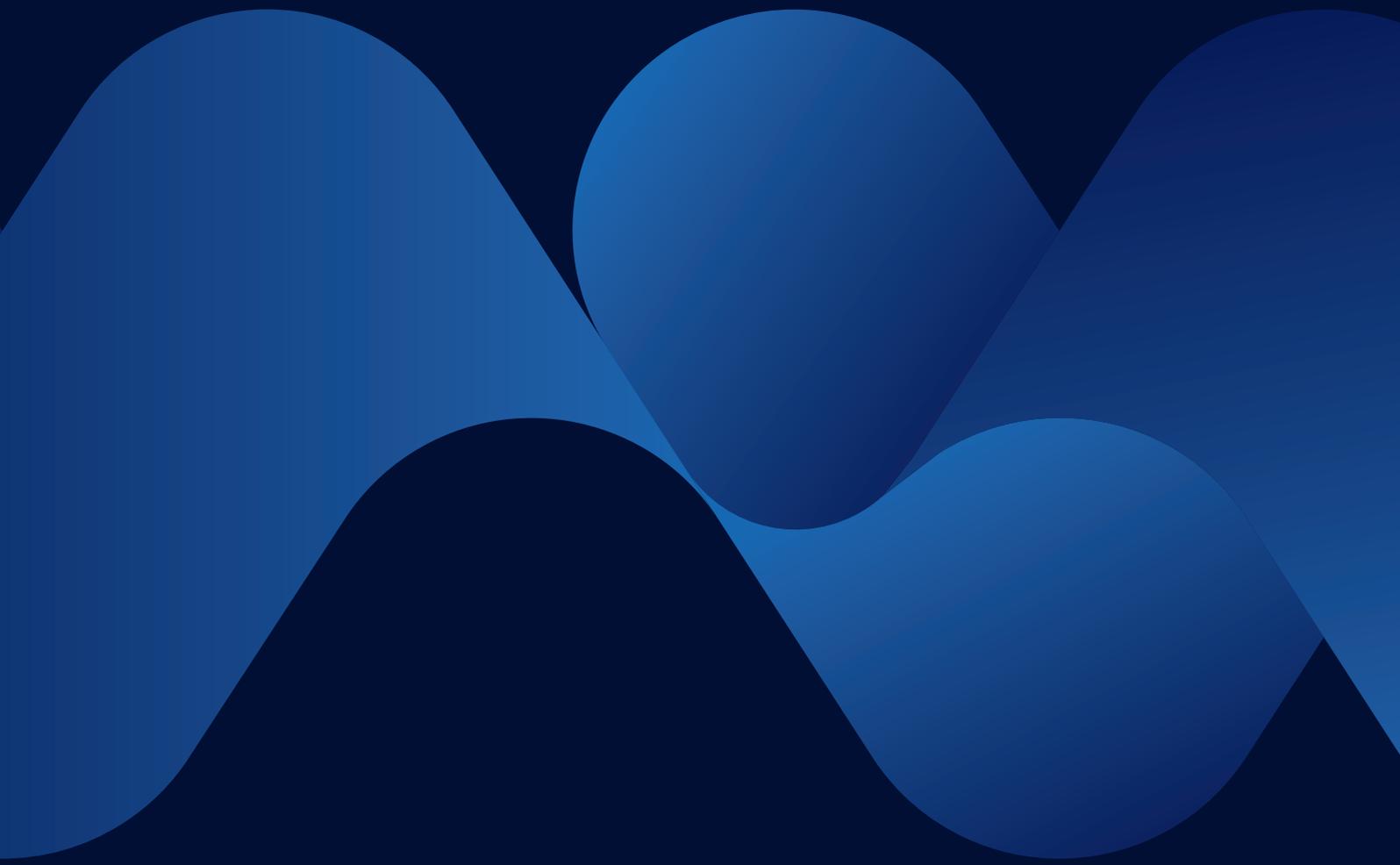
4. A proxy may be elected to be chairman of a General Meeting (subject to any contrary provision in the Articles).

5. Any provision in a company's Articles which requires an appointment of a proxy to be received more than 48 hours before the meeting is void under Section 327 of the 2006 Act.

As a result of these new provisions, the regulation of proxy voting in company Articles which pre-date the 2006 Act will in many cases be outdated and many provisions may now be void. Companies may wish to review their Articles not only to ensure compliance with the minimum rights prescribed by the new Act, but also to ensure that they use the available proxy rights to their greatest advantage. Companies may

wish to utilise optional rights available to proxies or to exclude rights that would otherwise apply. How this is done will differ for each company and will depend on the existing needs and structures.

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